



Natural Resources Conservation Service
675 U.S. Courthouse
801 Broadway
Nashville, Tennessee 37203

May 5, 2005

TENNESSEE BULLETIN NO. 300-05-5

SUBJECT: LTP – ENVIRONMENTAL QUALITY INCENTIVES PROGRAM (EQIP)

Purpose. To transmit information for use with refunds and cost recovery for EQIP contracts in Tennessee.

Expiration Date. September 30, 2006.

Refunds and/or cost recovery apply to EQIP contracts terminated for the following reasons:

1. Participant voluntarily requests termination/cancellation.
2. Termination due to non-compliance with contract provisions.
3. Termination due to fraud.
4. Participant voluntarily loses control or transfers all or part of the land under contract, and there is no successor-in-interest.

Refunds and/or cost recovery are based on the DATE OF THE CCC-1200 APPENDIX signed by the participant when the EQIP contract was developed. The following guidelines are to be used.

CCC-1200 Appendix is Dated 12-31-98 or Earlier:

- If no practices were implemented and no payments were made, there is no refund of payments and no assessment of liquidated damages.
- If practices were implemented and payments were made, the total of all cost-share payments previously paid to the participant, plus interest beginning from the date(s) the payments were made, are to be refunded. Since NRCS and FSA no longer jointly administer EQIP, no liquidated damages are assessed.

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CCC-1200 Appendix is Dated 7-15-02 or 8-7-02:

- If no practices were implemented and no payments were made, there is no refund of payments and no assessment of liquidated damages.
- If practices were implemented and payments were made, the total of all cost-share payments previously paid to the participant, plus interest beginning from the date(s) the payments were made, are to be refunded. No liquidated damages are assessed.

CCC-1200 Appendix is Dated 7-2003 or 3-2005:

- If no practices were implemented and no payments were made, the participant is assessed a cost-recovery payment to offset administrative costs in an amount equal to 20 percent of the total financial (and technical, if applicable) cost-share assistance obligated to the participant in the EQIP contract at the time the contract is terminated.
- If practices were implemented and payments were made, the participant is assessed a cost-recovery payment to offset administrative costs in an amount equal to 20 percent of the total financial (and technical, if applicable) cost-share assistance obligated to the participant in the EQIP contract at the time the contract is terminated. The participant must also refund the amount of cost-share payments previously received, plus interest beginning from the date(s) the payments were made.

Refunds and/or cost recovery are to be paid to USDA/NRCS and sent directly to:

USDA/Natural Resources Conservation Service
Attention: Elaine Smith, Collections Official
675 U.S. Courthouse
801 Broadway
Nashville, Tennessee 37203

For all future EQIP contracts, NRCS employees are to highlight TERMINATION OF CONTRACT (9A) AND RECOVERY OF COSTS (10A) in the CCC-1200 Appendix and have the participant read and initial these paragraphs before signing the CCC-1200 Contract and Appendix. This is to ensure the participant fully understands his or her financial commitment in an EQIP contract.

/s/

JAMES W. FORD
State Conservationist